THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY AND EXHIBITS

OF

DANIEL F. SULLIVAN

October 25, 2007

DOCKET NO. 2007-4-G

Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas Company, Inc.

DIRECT TESTIMONY OF DANIEL F. SULLIVAN

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

IN RE: PIEDMONT NATURAL GAS COMPANY, INC.

PURCHASE GAS ADJUSTMENT ("PGA")

DOCKET NO. 2007-4-G

Q. PLEASE STATE FOR THE RECORD YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Daniel F. Sullivan. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as an Auditor.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a B.S. Degree in Business Administration, with a major in Accounting from the University of South Carolina in December 1998. From February 1999 to February 2005, I was employed as an auditor with the South Carolina State Auditor's Office. In that capacity, I performed audits and reviews of cost reports filed by institutional providers of Medicaid services for the South Carolina Department of Health and Human Services. The primary purpose of those audits and reviews was to establish the applicable reimbursement rates to be paid to Medicaid providers for services rendered to qualified Medicaid recipients. In February 2005, I began my employment with ORS and since then have been involved in cases dealing with the regulation of gas and water and wastewater companies.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING PIEDMONT NATURAL GAS COMPANY, INC., IN THIS DOCKET?

A. The purpose of my testimony is to set forth findings resulting from ORS's examination of Piedmont Natural Gas Company, Inc.'s ("Company" or "Piedmont") deferred account #253.04 for the review period of April 1, 2006 through March 31, 2007.

Q. IN CONNECTION WITH YOUR TESTIMONY, DID YOU PREPARE OR CAUSE TO BE PREPARED ANY EXHIBITS?

A. Yes, the Audit Staff has prepared Audit Exhibit DFS-1, titled "Account #253.04 Analysis Summary", and Audit Exhibit DFS-2, titled "Risk Management - Hedging Program", in connection with this testimony.

Q. ON WHAT AUTHORITY DOES THE ORS MONITOR THE ACTIVITY IN PIEDMONT'S DEFERRED ACCOUNT #253.04?

A. In Docket No. 83-126-G and 86-217-G, Order No. 88-294, the Public Service Commission ("Commission") found that:

(1) A true-up for differences between billed and filed rates is appropriate and necessary to assure that Piedmont's customers pay no more than Piedmont's actual cost of gas. A true-up of demand charges for changes in sales volumes is appropriate and necessary to assure that Piedmont's customers pay no more than Piedmont's actual cost of gas.

(2) The Company is to maintain an account reflecting its gas costs each month, the amount of gas costs recovered each month, and amounts deferred from month to month. The Company is also required to file with the Commission, a report on a monthly basis showing the status of this deferred account.

(3) Additionally, with the issuance of Order No. 2002-223 dated March 26, 2002 in Docket No. 2001-410-G, the Company is required to file regular reports on the status of the hedging program and the results of its hedging activities.

Q. HAS ORS CONDUCTED THE COMMISSION REQUIRED EXAMINATION OF THE COMPANY'S DEFERRED ACCOUNT?

A. Yes. ORS has examined the activities included in deferred account #253.04, the gas storage inventory accounts and deferred account-hedging program #191.01 for the period April 2006 through March 2007.

Q. PLEASE EXPLAIN THE CONTEXT OF THE ORS AUDIT IN THIS CASE.

A. At the time ORS initiated its audit in this proceeding, it became apparent that Piedmont was in the process of addressing significant issues it had identified over the prior twelve months with its internal gas cost accounting function. These issues included problems with both the systems and personnel involved in accounting for and reporting many aspects of its gas costs. As we understand it, simultaneous with ORS' audit, Piedmont was attempting to accomplish multiple tasks associated with identifying the full scope of its gas cost accounting deficiencies, correcting errors on its books related to prior period gas costs, and working to develop a fully functional gas cost accounting system and department going forward. One of these tasks, which was particularly relevant to our audit, was that Piedmont was reconstructing and restating its gas costs for the period of review in this proceeding with the help of outside consultants hired by the Company.

Q. HOW DID THIS IMPACT THE ORS AUDIT?

A. It caused the audit to be much more protracted and difficult than normal and ultimately required that the hearing date be moved.

Q. HOW DID THE ORS CONDUCT ITS AUDIT?

A. We spent several weeks on site at Piedmont working with Piedmont's gas cost accounting personnel and Piedmont's outside consultants attempting to resolve issues regarding Piedmont's Review Period gas costs.

Q. WERE YOU ABLE TO COMPLETE THE AUDIT?

A. Largely but not completely. We were able to jointly identify a number of corrections to Piedmont's Review Period gas costs in time for Piedmont to include those corrections in its testimony in this proceeding. In some areas, however, specifically relating to Piedmont's Commodity True-up and inventory levels, additional work remains.

Q. WHAT ADDITIONAL WORK REMAINS?

A. ORS and Piedmont have identified several areas that require additional investigation and have formulated a plan to jointly investigate these areas and report back to the Commission.

Q. WHAT IS THIS PLAN?

A. ORS proposes that Piedmont provide the additional revised and updated data and further adjustments on the remaining commodity true-up and inventory issues identified below to ORS for its review by no later than January 7, 2008. ORS will report back to the South Carolina Public Service Commission by February 15, 2008.

Q. PLEASE EXPLAIN AUDIT EXHIBIT DFS-1 AND WHAT IS REFLECTED ON THAT EXHIBIT.

A. Audit Exhibit DFS-1 presents, for each month of the period under examination, the components which contribute to the Company's over/under collection in deferred account #253.04. These components are:

Commodity True-Up (Billed vs. Filed Rates) – These amounts represent the difference in the Company's actual gas costs on a monthly basis as compared to the benchmark cost of gas included in the Company's Gas Cost Recovery Mechanism ("GCRM") filings during the review period. The Company's benchmark cost of gas at the beginning of the review period was $8.50 established as a result of the Company filing GCRM #118, effective February 1, 2006. Effective July 1, 2006, the Company filed GCRM #119 with the Commission which increased the benchmark cost of gas from $8.50 to $9.50. Effective January 1, 2007, the Company filed GCRM #120 with the Commission which decreased the benchmark cost of gas from $9.50 to $7.50. On a total company basis, actual gas costs are computed and compared to the benchmark cost and any difference is allocated to South Carolina operations based on the current month's sales percentage.

Because Piedmont's commodity true-up is subject to additional investigation by ORS and Piedmont, the final end-of-period increase or decrease to the under-collection cannot be determined at this time.

Demand True-up – These amounts represent the over or under-collection of demand charges incurred by the Company as compared to demand charges billed and collected monthly from customers. Total demand charges incurred are computed monthly and allocated to South Carolina operations based on the design day factor as approved by the Commission in Order No. 2002-761 dated November 1, 2002, approving new rates and charges issued in Docket No. 2002-63-G. Effective November 2005, the design day factor for demand allocation to South Carolina operations changed from the previously approved 15.81% to 16.16% resulting from the Commission's approval of the Company's election to participate in the Rate Stabilization ("RSA") program. Total demand true-up for the twelve months ended March 31, 2007 increased the under-collection by $3,297,895.

Negotiated Losses – In competition with alternate fuels, the Company's GCRM allows it to maintain its industrial load by selling gas at less than the approved tariff resulting in margin losses. These negotiated losses for the twelve months ended March 31, 2007 increased the under-collection by $1,359,134.

Secondary Market Sharing – Effective with new rates approved in Docket No. 2002-63-G, Order No. 2002-761 dated November 1, 2002, the Company now credits 75% of the margin from off-system sales and from capacity release transactions to deferred account #253.04. The remaining balance of these margins is retained by the Company. The same Order also provided that capacity release credits and off-system sales would be allocated to South Carolina using the same design day methodology as approved for fixed demand costs. Shared margins and capacity release credits for the review period reduced the under-collection by

$5,720,250. It should be noted that in compliance with Docket No. 95-160-G, Order No. 95-1461 dated August 22, 1995, the Company is reporting capacity release activity as required by the Commission. These capacity release credits totaling $3,296,221 are included in the total of $5,720,250 listed above for secondary market sharing.

Proration Adjustments – Proration adjustments are adjustments made as a result of cycle billing and necessitated as a result of the filings of GCRM #119 effective July 1, 2006, and GCRM #120 effective January 1, 2007. The total proration adjustments for the twelve months ended March 31, 2007 decreased the under-collection by $222,036.

Weather Normalization – In compliance with Docket No. 95-715-G, Order No. 95-1649, dated November 7, 1995, the Company began charging deferred account #253.04 for weather normalization effective for the winter heating season of November 1, 1996 through March 31, 1997. Prior to that time, the Company had maintained a separate balance for weather normalization in account #253.09. The weather normalization adjustment is designed to increase or decrease the margin component of the rate based on a comparison of actual weather conditions, during the review period, to the normal weather conditions. Weather normalization adjustments for the twelve months ended March 31, 2007 increased the under-collection by $2,639,064 as a result of warmer than normal weather for the 2006-2007 heating season.

Unaccounted For (Annual Line Loss Adjustment) – The annual line loss adjustment reflects a true-up of calculated "unaccounted for" and "company use" fuels, charged to the consumers, as compared with the actual losses experienced during the review period. This is an annual adjustment required by the Company's GCRM, and for the twelve months ended March 31, 2007, reduced the under-collection by $514,692.

Uncollectible Gas Cost Recovery - In Docket No. 2006-4-G, Order No. 2006-527 dated October 11, 2006, the Commission approved the company's request to remove uncollectible gas cost expense from its cost of service and authorized the recovery of these costs through the company's gas cost deferred account #253.04. Under this revised methodology, the commodity cost of gas portion of uncollectible accounts is now a component of deferred account #253.04. The balance of the uncollectible accounts expensed, including the company's margin, will be recovered through their RSA filing. The uncollectible gas cost adjustment increased the under-collection by $108,343 for the twelve months ended March 31, 2007.

Supplier Refunds – The Company received supplier refunds totaling $1,492,103 for the twelve months ended March 31, 2007. South Carolina's allocation (16.16%) of these refunds results in a decrease to the under-collection of $241,124.

Other Adjustments - The other adjustments posted to deferred account #253.04 are for Commission ordered adjustments or extraordinary items experienced by the Company during the twelve months ended March 31, 2007. The other adjustment posted in April 2007 is to record adjustments ordered by the Commission in Docket No. 2006-4-G, Order No. 2006-527, resulting in a decrease to the under-collection in deferred account #253.04 in the amount of $259,259.

The other adjustments recorded in October 2007 and November 2007 are to record the results of the National Gas Distributor's ("NGD") bankruptcy proceeding. The Company sold gas to NGD as part of their off system sales program. The Company and NGD negotiated a price and volume of gas to be delivered to NGD for sale to its customers. Once payment was received, the gas was delivered to NGD who then sold the gas to its customers. On January 20, 2006, NGD filed a voluntary petition seeking relief under Chapter 11 of the Bankruptcy Code. United States Bankruptcy Court, Eastern District of North Carolina, ruled the Company had received preferred payments from NGD. Through a settlement agreement, the Company agreed to pay to the Trustee of the Bankruptcy Court $900,000 and waive any and all claims against NGD. To determine the effect on deferred account #253.04 of the $900,000 settlement, the Company followed the treatment ordered by the Commission for secondary market sharing and multiplied the $900,000 by 75% and then by South Carolina's portion of 16.16%. The result is an increase to the under-collection of $109,080, adjusted in October 2006 and November 2006 by $99,990 and $9,090, respectively, to recognize South Carolina's portion of the settlement as recorded by the Company.

Total other adjustments for the twelve months ended March 31, 2007 decreased the under-collection by $150,179.

Hedging Activity Transfer – In Docket No. 2006-4-G, Order No. 2006-527 dated October 11, 2006, the Commission authorized the Company and the Company agreed to transfer the balance of its cumulative hedging gains or losses to deferred account #253.04 on a monthly basis, effective November 1, 2006. As of the date of this filing, the Company has neither transferred the previous review period (April 2005 – March 2006) balance of $1,157,953 nor the current review period monthly hedging losses of ($4,649,367) from the hedging program account #191.01, to deferred account #253.04. As such, the cumulative under-collection balance is understated by $3,491,414.

Accrued Interest – In Docket No. 98-004-G, Order No. 98-618 dated August 11, 1998, the Commission ruled that the actual earned overall rate of return should be utilized in computing interest on the deferred account balance. In Docket No. 2000-004-G, Order No. 2000-707 dated August 25, 2000, the Commission found that interest on the deferred account should be limited to the lower of the authorized overall rate of return or the actual earned overall rate of return. In Docket No. 2006-4-G, Order No. 2006-527 the Commission ordered that effective November 1, 2006, the interest rate applicable to balances in PNG's account #253.04 shall be fixed at 7.00%. During the months of April 2006 through June 2006, the Company calculated monthly interest at the rate of 7.44% on the average outstanding balance in deferred account #253.04. During the months of July 2006 through September 2006, the Company calculated monthly interest at the rate of 6.45% on the average outstanding balance in deferred account #253.04. For the month of October 2006, the Company calculated monthly interest at the rate of 9.39% on the average outstanding balance in deferred account #253.04. Beginning November 1, 2006, the Company calculated monthly interest at the rate of 7.00% on the average outstanding balance in deferred account #253.04 in accordance with Docket No. 2006-4-G, Order No. 2006-527. The rates used by the company for April 2006 through October 2006 were based on the calculated rates of return on the quarterly reports ended June 30, 2006, September 30, 2006 and December 31, 2006 that were filed with the Commission as required by the RSA. The earned rates of return on the quarterly filings used by the company for accrued interest on deferred account #253.04 were less than the Commission authorized rate of return of 10.34% for the months of April 2006 through October 2006. Therefore, ORS agrees with the rates used to calculate interest expense on deferred account #253.04. The previously discussed additional adjustments to Piedmont's Review Period commodity true-up will affect the ending balance on which interest in deferred account #253.04 is accrued and therefore will affect the calculation of interest expense by month and in total for the twelve months ended March 31, 2007. That calculation will be made when the commodity true-up is finalized.

Q. WHAT IS INCLUDED IN AUDIT EXHIBIT DFS-2, RISK MANAGEMENT-HEDGING PROGRAM?

A. Audit Exhibit DFS-2 details the results of the Company's hedging program for the period under review. These results are reflected in gains or losses, on a monthly basis, net of brokerage fees and commissions, resulting from the purchase of options to buy gas futures contracts (Call Options) and the purchase of options to sell gas futures contracts (Put Options). The Company purchased these Call and Put options at various strike prices. The strike price is the specified price at which a gas futures contract could be bought (Call Option) or sold (Put Option) if the options were exercised. During the twelve months ended March 31, 2007 the Company purchased a net of 3,055 Call or Put Option Contracts. The purchases and/or sales of these options were verified by tracing these transactions to the broker statements in detail. The purchase and sale of options for the twelve months ended March 31, 2007 resulted in a net increase to the cost of gas, including fees, of $4,649,367.

The Company calculated interest on the average monthly hedging balance using an annual interest rate for the twelve months ended March 31, 2007 of 10.39%. ORS calculated interest on the average monthly hedging balance using an annual interest rate of 10.39% for the months of April 2006 through October 2006 and 7.00% for the months of November 2006 through March 2007. In Docket No. 2006-4-G, Order No. 2006-527 the Commission authorized the Company, effective November 1, 2006, to transfer the balance of its cumulative hedging gains or losses to account #253.04 on a monthly basis. The Commission also ordered effective November 1, 2006, the interest rate applicable to balances in PNG's account #253.04 shall be fixed at 7.00%. Therefore, the effective interest rate for calculating interest on hedging gains or losses starting in November 2006 should be 7.00%.

As noted above and indicated under the caption, "Hedging Activity Transfer" on Exhibit DFS-1, the Company did not transfer the cumulative gains or decrease to the cost of gas from prior years of $1,157,953 to deferred account #253.04. As a result, that amount is carried forward on Audit Exhibit DFS-2 and offset against the current year loss or increase to the cost of gas. As also indicated under the caption, "Hedging Activity Transfer" on Exhibit DFS-1, the Company did not transfer the monthly gains/losses or increases/decreases to the cost of gas from the hedging program to deferred account #253.04 as ordered by the Commission.

The resulting net cumulative amount available for transfer for the three years, April 2004 – March 2007 is a net loss or net increase to the cost of gas of $3,491,414 as shown on Exhibit DFS-1. The balance in the hedging program account #191.01 at the end of the review period consists of the following:

Review Period	Net Gain or (Loss)
Apr.04 – Mar.05	$ (598,053)
Apr.05 - Mar.06	1,756,006
Apr.06 – Mar.07	(4,649,367)
Net Increase to Gas Cost (April 2004 to March 2007)	$ (3,491,414)

Q. WHAT ARE THE GAS STORAGE INVENTORY BALANCES AS OF MARCH 31, 2007?

A. Total costs and weighted averages of the Company's gas storage inventories are not finalized at this point because of additional adjustments that need to be reflected in the gas storage inventories. This will have an effect on the ending balances and weighted averages of the inventories.

For several of the inventories, injection figures (dollars) are calculated based on applying the system wide average price per dekatherm for that particular month to the number of dekatherms injected during the month. Adjustments to dekatherms and dollars for purchases not recorded or recorded incorrectly have a direct effect on the system wide average price per dekatherm by month and, therefore, they also have an effect on the calculation of storage injection figures (dollars). Adjustments to the injection figures (dollars) results in changes to the weighted average cost of the inventories which also have an effect on future withdrawals since withdrawal figures (dollars) are based on the weighted average cost per dekatherm at the time of the withdrawal.

Prior to filing this testimony, Piedmont and the ORS discussed this matter and concluded that filing a schedule of gas inventories in this testimony would be misleading at this time.

Q. WHAT ARE ORS' FINDINGS WITH RESPECT TO ACCOUNT #253.04?

A. ORS analyzed the balance of ($3,101,217) included in deferred account #253.04 at March 31, 2007, as shown in company witness Thornton's testimony and has the following findings:

(1) The $13,334,503 decrease to the under-collection for commodity true-up as reported by the Company is subject to further adjustments based on the results of the further investigation into this mechanism described above.

(2) Based on ORS examination, the increase to the Company's under-collection balance for demand true-up of ($3,297,328) is subject to adjustment by an increase of ($567). This adjustment will correct the calculation of fixed cost recovery.

(3) Certain gas storage inventory balances are not currently verifiable for the twelve months ending March 31, 2007 due to unresolved purchases, withdrawals or injections. These balances will be verified as part of the additional investigation agreed to by the Company and the ORS.

(4) Cumulative hedging gain/loss from previous PGAs was not transferred to deferred account #253.04 as ordered by the Commission in Docket No. 2006-4-G, Order No. 2006-527.

(5) Additionally, monthly hedging gains/losses for the twelve months ended March 31, 2007 were not transferred to deferred account #253.04 as ordered by the Commission in Docket No. 2006-4-G, Order No. 2006-527.

(6) Interest rate used on hedging gains/losses by the Company for November 2006 through March 2007 was 10.39%. However, Docket No. 2006-4-G, Order No. 2006-527 required the interest rate to be 7.00% effective November 1, 2006. This resulted in the inappropriate interest calculations filed by the company for hedging program account #191.01.

(7) Additional adjustments to commodity true-up and inventory will result in recalculation of interest on deferred account #253.04.

Piedmont has agreed to continue its efforts to correct the deficiencies in its accounting and reporting practices. The under-collection balance in deferred account #253.04 as of March 31, 2007 will change due to additional adjustments resulting from the joint investigation into the Review Period commodity true-up, inventory and interest calculations, as discussed above.

Q. DO YOU HAVE ANY ADDITIONAL FINDINGS?

A. Yes. Based on the findings above, ORS is unable to propose final adjustments at this time to correct the balance in deferred account #253.04 for the twelve months ended March 31, 2007.

Since approximately 58% of the Company's billing is associated with the cost of gas, it is critical that the Company make all the necessary adjustments to deferred account #253.04 to reflect the appropriate difference between the actual cost of gas and the amount already billed to the customers for the review period.

Q. DOES ORS HAVE ANY RECOMMENDATIONS WITH RESPECT TO DEFERRED ACCOUNT #253.04?

A. Yes. ORS recommends that the Commission approve the additional investigation into Piedmont's Review Period commodity true-up, gas storage inventory, the interest on deferred account #253.04 and hedging program account #191.01 as outlined herein.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT DFS-1

PIEDMONT NATURAL GAS COMPANY, INC.,
ACCOUNT #253.04 ANALYSIS SUMMARY
FOR TWELVE MONTHS ENDED MARCH 31, 2007

Month	April	May	June	July	August	September	October	November	December	January	February	March	Total
Beginning Balance	(15,133,277)	(13,925,252)	(14,443,295)	(14,319,407)	(14,136,874)	(13,828,984)	(13,293,833)	(10,116,184)	(7,012,406)	(6,273,934)	(5,681,402)	(2,853,979)	
Commodity True-Up (B vs. F)	563,326	78,379	726,757	960,223	758,814	1,506,333	4,120,490	2,320,710	896,627	1,518,068	349,286	(464,510)	13,334,503
Demand True-Up	(230,931)	(926,943)	(983,460)	(1,074,701)	(1,077,236)	(1,025,284)	(995,974)	(140,017)	376,778	766,274	1,646,388	367,211	(3,297,895)
Negotiated Losses	(92,726)	(58,742)	(105,452)	(130,488)	(63,119)	(67,407)	(80,155)	(199,382)	(173,695)	(147,907)	(161,650)	(78,411)	(1,359,134)
Secondary Market Sharing	789,722	476,381	563,799	514,676	637,537	194,268	316,438	303,176	277,874	530,665	792,876	322,838	5,720,250
Benchmark Proration	0	0		(11,241)	0	0	0	0		233,277	0	0	222,036
WNA	9,178	553	547	68	(38)	(62)	(5)	392,701	(655,293)	(2,262,145)	243,522	(368,090)	(2,639,064)
Unaccounted For	0	0	0	0	0	0	0	514,692	0	0	0	0	514,692
SC Uncollectibles	0	0	0	0	0	0	0	(36,160)	(13,663)	(14,773)	(18,177)	(25,570)	(108,343)
Supplier Refunds	0	0	10,586	267	126,889	0	8,080	6,961	68,483	3,841	0	16,017	241,124
Other Adjustments	259,259	0	0	0	0	0	(99,990)	(9,090)	0	0	0	0	150,179
Hedging Activity Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance Before Interest	(13,835,449)	(14,355,624)	(14,230,518)	(14,060,603)	(13,754,027)	(13,221,136)	(10,024,949)	(6,962,593)	(6,235,295)	(5,646,634)	(2,829,157)	(3,084,494)	
Interest	(89,803)	(87,671)	(88,889)	(76,271)	(74,957)	(72,697)	(91,235)	(49,813)	(38,639)	(34,768)	(24,822)	(17,321)	(746,886)
Ending Balance	(13,925,252)	(14,443,295)	(14,319,407)	(14,136,874)	(13,828,984)	(13,293,833)	(10,116,184)	(7,012,406)	(6,273,934)	(5,681,402)	(2,853,979)	(3,101,815)	
Interest Rate	7.44%	7.44%	7.44%	6.45%	6.45%	6.45%	9.39%	7.00%	7.00%	7.00%	7.00%	7.00%	

Deferred Account #253.04 Under Collection as of 3/31/07	(3,101,815)
Net Cumulative Hedging Increase to the Cost of Gas as of 3/31/07	(3,491,414)
Total Under Collection as of 3/31/07	(6,593,229)

EXHIBIT DFS-2

PIEDMONT NATURAL GAS COMPANY, INC.
RISK MANAGEMENT - HEDGING PROGRAM
GAIN/(LOSS) RECOGNIZED AND OTHER EXPENSES
FOR TWELVE MONTHS ENDED MARCH 31, 2007

Month	Type of Contract	No. of Contracts	Gain or (Loss)	Trading Fees	Gain or (Loss) Recognized	Interest	RMI Fee	Real-Time Pricing Fee	Net Gain or (Loss)
Apr-06	Call Options/Futures	12	$ (359,698)	$ (240)	$ (359,938)	$ 9,251	$ (395)	$ (60)	$ (351,142)
May-06	Call Options	329	(1,045,343)	(6,580)	(1,051,923)	2,874	(2,409)	(60)	(1,051,518)
Jun-06	Call Options	308	(141,180)	(6,160)	(147,340)	(48)	(395)	(60)	(147,843)
Jul-06	Call Options	157	594,477	(3,140)	591,337	1,552	(395)	(60)	592,434
Aug-06	Call Options/Futures	130	(1,219,840)	(3,040)	(1,222,880)	746	(395)	(60)	(1,222,589)
Sep-06	Call Options/Futures	761	(5,469,904)	(15,220)	(5,485,124)	(31,134)	(395)	(60)	(5,516,713)
Oct-06	Call Options/Futures	189	2,096,120	(3,780)	2,092,340	(39,476)	(395)	(60)	2,052,409
Nov-06	Call Options/Futures	170	2,363,878	(2,635)	2,361,243	(11,800)	(395)	(60)	2,348,988
Dec-06	Call Options	338	(3,418,671)	(5,239)	(3,423,910)	(19,019)	(395)	(60)	(3,443,384)
Jan-07	Call Options	520	1,855,964	(8,060)	1,847,904	(22,601)	(395)	(60)	1,824,848
Feb-07	Call Options	40	238,948	(620)	238,328	(15,467)	(395)	(60)	222,406
Mar-07	Call Options	101	65,126	(1,566)	63,560	(20,368)	(395)	(60)	42,737
		3,055	$ (4,440,123)	$ (56,280)	$ (4,496,403)	$ (145,490)	$ (6,754)	$ (720)	$ (4,649,367)

Increase to the Cost of Gas (Apr 04 to Mar 05)	$ (598,053)
Decrease to the Cost of Gas (Apr 05 to Mar 06)	1,756,006
Increase to the Cost of Gas (Apr 06 to Mar 07)	(4,649,367)
Cumulative Increase to the Cost of Gas (Apr 04 to Mar 07)	$ (3,491,414)